

Message Text

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PAGE 01 JIDDA 00585 050911Z

21

ACTION NEA-13

INFO OCT-01 EUR-25 EA-11 AF-10 ISO-00 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 SAM-01 AID-20 EB-11

CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 IO-14 INT-08 FEA-02

SCI-06 FPC-01 AEC-11 DRC-01 /253 W

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P R 050700Z FEB 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 6080

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 585

E.O. 11652: GDS

TAGS: ENRG, EA, SA, JA

SUBJECT: STATE OF JAPANESE/SAUDI INDUSTRIALIZATION
PROPOSALS

REF: TOKYO 1485

BEGIN SUMMARY: JAPANESE AMBASSADOR DOUBTS GENUINE
BI-LATERAL WILL BE THE OUTCOME OF YAMANI VISIT TO
TOKYO BUT SEES SERIES OF JAPANESE INDUSTRY PROPOSALS
TO SAUDI ARABIA AS FORMING A BASIS FOR EQUIVALENT
RELATIONSHIP WITH LINK TO CRUDE SUPPLY EASILY
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PAGE 02 JIDDA 00585 050911Z

ARRANGED AS EXCHANGE FOR INDUSTRIALIZATION. END

SUMMARY

1. JAPANESE AMBASSADOR HAS REVIEWED BRIEFLY WITH ECONOMIC COUNSELOR STATUS OF VARIOUS JAPANESE INDUSTRIALIZATION PROPOSALS FOR SAUDI ARABIA FOLLOWING VISIT OF SAG MINPET YAMANI TO TOKYO. HE WAS DEPENDENT ON PRESS REPORTS FOR JAPANESE REACTION TO YAMANI CLAIM OF FUTURE BILATERAL BETWEEN SAUDI ARABIA AND JAPAN BUT NOTED THAT CURRENT INTEREST OF JAPANESE FOREIGN OFFICE IS TO MAINTAIN JAPANESE INDUSTRY NOT GOVERNMENT IN FOREGROUND HERE IN SAUDI ARABIA. HE DOUBTS A GENUINE BILATERAL WILL BE THE OUTCOME OF CURRENT YAMANI VISIT TO TOKYO. (THIS MAY BE SIGNIFICANT SINCE JAPANESE EMBASSY HERE HAS RECOMMENDED WITHIN PAST FEW MONTHS THAT JAPAN SHOULD SEEK JUST SUCH A SPECIAL BILATERAL WITH KING FAISAL.)

2. AMBASSADOR PLACED PETROCHEMICALS AT HEAD OF LIST OF JAPANESE EFFORTS IN KINGDOM. HE NOTED THAT A KEY MITSUBISHI OFFICIAL IS EXPECTED WITHIN THE NEXT FEW DAYS AND WILL ATTEMPT TO NEGOTIATE AN AGREEMENT WITH SAG. COMMENT: WITH HISHAM NAZER OF CENTRAL PLANNING ORGANIZATION HAVING DEPARTED FOR JAPAN FEBRUARY 4, ON A TOUR THAT WILL INCLUDE MAJOR SPEECHES TO JAPANESE BUSINESS AUDIENCES, WE WOULD EXPECT SOME DISCUSSIONS IN JAPAN IN ADDITION TO THOSE GOING ON HERE ON SPECIFIC PROJECTS.

3. AMBASSADOR NOTED THERE WAS "MUCH COMPETITION" FOR A MAJOR REFINERY PROPOSAL IN SAUDI ARABIA AND HE DID NOT EXPECT AN EARLY DECISION ON THIS.

4. WITH REGARD TO STEEL, THE JAPANESE HAVE TWO PROPOSALS, ONE WITH AND ONE WITHOUT AMERICAN PARTICIPATION BOTH STEEL PROPOSALS REMAIN UNDER STUDY AND ARE NOT LIKELY TO MOVE FORWARD VERY RAPIDLY IN HIS OPINION.

5. KIKKO METALS' NEGOTIATOR HAS BEEN IN COUNTRY FOR SEVERAL WEEKS AND HAS FOUND NO ONE WITH WHOM TO NEGOTIATE AN EXPLORATION LICENSE FOR MAJOR COPPER DISCOVERY. ONLY YAMANI IS APPARENTLY ABLE TO MAKE DECISIONS ON EXPLORATION LICENSES, OR AT LEAST THIS IS WHAT THE JAPANESE ARE BEING CONFIDENTIAL

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PAGE 03 JIDDA 00585 050911Z

TOLD.

6. THE PROPOSED JAPANESE AUTOMOBILE ASSEMBLY PLANT PROPOSAL HAS APPARENTLY BOGGED DOWN. AMBASSADOR DID NOT ELABORATE BUT EMBASSY HAS HEARD THERE IS POSSIBILITY OF AN ENTIRELY NEW PROPOSAL FEATURING EXPORT TO NEIGHBORING FRIENDLY COUNTRIES WHICH MAY KEEP THE PROJECT ALIVE. (GENERAL MOTORS' TEAM IS ONCE AGAIN IN THE COUNTRY IN A

SEPARATE AND BASICALLY NON-COMPETITIVE PROPOSAL TO SAG.)

7. NOTICEABLY ABSENT FROM THE AMBASSADOR'S ORAL LISTING OF JAPANESE PROJECTS IF POSSIBLE LARGE SCALE METHANOL OR OTHER GAS ENERGY PROJECTS ASIDE FROM THE MITSUBISHI PROPOSAL. HE DID NOT MENTION ALUMINUM. WE ARE AWARE THAT JAPANESE EFFORTS IN PETROCHEMICALS ARE IN DIRECT COMPETITION WITH A GERMAN OFFER THAT IS BEING VIGOROUSLY PUCHED.

8. THIS LIST GIVEN ORALLY SHOULD NOT BE CONSIDERED ALL INCLUSIVE. COMBINED TOTAL OF KNOWN 10 OR 12 MAJOR PROPOSALS BY JAPANESE FIRMS COULD EASILY FORM THE BASIS FOR SIGNATURE OF A BILATERAL AT ANY TIME AS IMPLIED IN REFTEL. ONLY REAL LINK MISSING TO ACHIEVE YAMANI'S QUOTE SWEETHEART DEAL UNQUOTE WITH JAPAN IS ESTABLISHING SOME NOMINAL LEVEL OF SUPPLY OF SAUDI CRUDE TO JAPAN IN SUPPOSED EXCHANGE FOR QUOTE INDUSTRIALIZATION UNQUOTE. AKINS

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